



*United States Attorney
Southern District of New York*

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**ROCKLAND COUNTY CAR LOAN BROKER PLEADS GUILTY
TO TAX EVASION IN WHITE PLAINS U.S. COURT**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, announced that PASQUALE DIAFERIA pled guilty today in White Plains federal court to four counts of income tax evasion.

According to the Indictment, from 1997 through 2000, DIAFERIA was the owner and operator of "P&D Automotive Specialties, Inc." ("P&D") and "Subprime One, Inc." ("Subprime"), corporate entities through which DIAFERIA arranged special financing for low-income and credit-impaired customers who sought to purchase automobiles.

DIAFERIA, of New City in Rockland County, admitted that in each of the four years from 1997 through 2000, he received hundreds of thousands of dollars in income, primarily from his two companies. Notwithstanding his receipt of that income, DIAFERIA failed to file with the Internal Revenue Service ("IRS") U.S. Corporate Income Tax Returns with respect to P&D and Subprime for any of the four tax years, nor did he file a personal U.S. Tax Return in 1997. And from 1998 through 2000, DIAFERIA filed personal income tax returns falsely claiming that he had earned just \$8,142 in taxable income in 1998 and no taxable income for 1999 and 2000.

In contrast, according to the Indictment, DIAFERIA supplied very different tax returns to a bank to which he applied for a loan in June 1999 to purchase a 33-foot Donzi speedboat for approximately \$204,000. The tax return DIAFERIA submitted to the bank reflected that he earned wage income of \$420,000 in 1997 and \$605,000 in 1998.

As a result of his guilty plea, which was entered before United States Magistrate Judge MARK D. FOX, DIAFERIA faces a maximum term of 20 years in prison for his tax evasion scheme.

He also faces a fine of \$250,000 or twice the gross gain or loss resulting from the crime on each of four counts and imposition of the costs of prosecution. Sentencing is scheduled for February 14, 2006. at 9:00 A.M. before United States District Judge CHARLES L. BRIEANT.

Mr. GARCIA praised the investigative efforts of IRS Criminal Investigation in connection with this case.

Assistant United States Attorney PERRY A. CARBONE is in charge of the prosecution.

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